

SAMPLE FORM ONLY -- NOT APPROVED BY OMB

- o The only exception to the 45 day time limitation concerns cable programming service and associated equipment rates in effect when the FCC's rules become effective -- that is, June 21, 1993. You may challenge the reasonableness of such rates, but you must file your complaint within 180 days from June 21, 1993 -- that is, by December 18, 1993.
 - o After December 18, 1993, you may only file complaints about rate increases and you must follow the general 45-day filing requirement described above.
 - o Late-filed complaints will be dismissed with no opportunity to refile.
10. You must check the box stating your belief that the cable programming service rate violates the FCC's rate regulations. The FCC staff will apply the formula mentioned in paragraph 5 to determine whether the cable operator's rate is presumed reasonable or not -- you do not need to make this calculation.
11. You must fill in all information required by this form. If you fail to fill in all the information on this form, or to attach a copy of your current bill, you will be given one additional opportunity to correct the defect and file a valid complaint. The FCC staff will return your complaint with a blank complaint form, a copy of these instructions, and an informational letter describing why your original complaint was defective. You will have thirty days from the date of the FCC's notice to file a corrected complaint with the FCC. You must indicate on the form that you are filing a corrected complaint, and also indicate the date your prior complaint was filed and the date you received notification from the FCC that your prior complaint was defective. If you do not correct the defect and revise your complaint accordingly, or if the FCC receives your corrected complaint after the additional thirty day period has expired, your complaint will be dismissed with no opportunity to refile.
12. You may attach a statement from your local franchising authority describing its views on the reasonableness of the cable programming service rate in question. This is not a requirement. If you do attach such a statement, you should also mail a copy of it to the cable operator.

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13. This complaint form is in three parts. Once you complete the form you must mail the individual copies, including copies of all attachments, to the following:

Original: Federal Communications Commission
Attn: Cable Programming Service Rate Complaint
1919 M Street, N.W.
Washington, D.C. 20554

Part 2: The cable operator (at the address listed on your complaint)

Part 3: The local franchising authority (at the address listed on your complaint)

Please be sure to send all three copies to the correct address. If you do not, we may not be able to process your complaint.

14. **NOTE: If you do not mail Part 2 of this form, including all attachments, to the cable operator at the same time you mail your complaint to the FCC, the cable operator will not be required to respond and your complaint may be dismissed.**
15. If your complaint meets the requirements listed above, the FCC will require the cable operator to respond to your complaint within thirty days and provide a justification for the reasonableness of your rate. The cable operator must provide you with a copy of its response to the FCC.
16. The FCC staff will examine your complaint and the cable operator's response and then rule on the reasonableness of the cable programming service rate. This ruling will be in writing, and you will receive a copy by mail. If the FCC staff determines that the rate in question is unreasonable, it may order refunds and/or prospective rate reductions. If it determines that the rate in question is reasonable, the FCC staff will deny the complaint.

**DETERMINATION OF MAXIMUM INITIAL PERMITTED RATES
FOR REGULATED CABLE SERVICES AND ACTUAL COST OF EQUIPMENT**

FCC FORM 393

*****SAMPLE FORM ONLY--NOT APPROVED BY OMB*****

**FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**GENERAL INSTRUCTIONS FOR COMPLETING FCC FORM 393
(DETERMINATION OF MAXIMUM INITIAL PERMITTED RATES FOR REGULATED
CABLE SERVICES AND ACTUAL COST OF REGULATED EQUIPMENT)**

1. Cable operators should use this form to calculate (1) rates for existing basic service or equipment requiring approval by local franchising authorities or the FCC, and (2) rates for cable programming service or equipment that are the subject of a complaint filed with the FCC. This form will determine whether your rates for basic service and cable programming service are reasonable under FCC regulations, 47 C.F.R. §§ 76.1000 et seq.

NOTE: After your initial rate for basic service has been approved by the government, you must submit the RATE INCREASE FORM or a cost-of-service showing if you wish to subsequently increase your basic service rates. If the Commission found your cable programming service rates to be unreasonable less than one year ago and you now wish to increase your rates, you must submit the RATE INCREASE FORM or a cost-of-service showing to the Commission for its approval before raising your rates. In addition, if there was no such Commission decision and you raise your cable programming service rates while a complaint about those rates is pending, you must inform the FCC of the rate increase and submit a revised version of this form analyzing the new, higher rates under the FCC's rate standards.

2. This form should be filed with the local franchising authority, or with the FCC in situations where the FCC has assumed jurisdiction to regulate rates for basic service and associated equipment, in order to obtain approval of your existing rates for basic service and associated equipment. It should also be filed with the FCC when you are required to respond to a subscriber's complaint regarding the rate for cable programming service and associated equipment.

3. If, after completing these calculations, you determine that your existing service rate is above the maximum permitted rate, and you do not wish to lower your rate to that level, you must submit a detailed cost-of-service showing justifying the higher rate.

Equipment rates must be based on actual cost, as determined in the equipment sections, Part III of the form.

4. The basic service tier is the tier which includes the broadcast signals you carry (except for superstations) along with public, educational and government access channels that are required by the local franchising authority to be carried on the basic tier. You may include additional services on this tier. Equipment used to receive the basic service tier includes remotes, converter boxes, home wiring and wiring for additional connections.

5. Cable programming service consists of all video programming distributed over a cable system that is not included in the basic service tier or offered on a per-channel or per-program basis. Equipment associated with cable programming service, if any, consists of equipment used exclusively to receive such services; this equipment must not be used to receive the basic tier.

6. This form consists of three parts. Part I is the Cover Sheet, where you should fill in the information derived from Parts II and III. Part II will enable you to determine your maximum permitted rate for the basic service tier or cable programming service, depending on the service for which you are filing. If your rates exceed the permitted levels calculated in this form, you must submit a separate cost-of-service showing or reduce your rates to the permitted level. Part III will enable you to determine your actual costs for equipment used by subscribers to receive regulated programming services. The 1992 Cable Act requires that you charge no more than actual cost for this equipment.

7. Part II contains five worksheets. Worksheet 1 (Calculation of Rates in Effect on Initial Date of Regulation and Benchmark Comparison) allows you to compare your current per-channel rate to the Commission's benchmark. The benchmark is the rate that a cable system with the same number of subscribers, same number of channels, and same number of satellite channels as your system and that is subject to competition would charge. If your current per-channel rate exceeds the benchmark, you must then come into compliance with the benchmark, which is based on rates as of September 30, 1992. You must therefore complete Worksheet 2 (Calculation of Rates in Effect on September 30, 1992 and Benchmark Comparison). This worksheet will require you to reduce your rate to the benchmark or to 90% of your September 30, 1992 per-channel rate, whichever rate is greater. Both Worksheets 1 and 2 allow you to calculate the per-channel rate you can legally charge by a process that weighs the number of channels on each tier and the price for each tier by the number of subscribers to each tier.

8. Worksheet 3, then, deducts equipment revenues per subscriber from the per channel rate derived in Worksheets 1 and 2. The benchmark number does not separately account for profits from equipment, and the 1992 Cable Act prohibits you from charging more

than your costs for equipment. Thus, you must adjust your permitted per-channel rate (calculated in Worksheets 1 and 2) by deducting equipment costs and charging for equipment costs separately.

9. If you calculated your rate from Worksheet 2, you must complete Worksheet 4, which will increase the rate you may charge in order to account for inflation.

10. Worksheet 5 must be completed if the number of regulated channels (that is, basic service channels and cable programming service channels) you currently offer is different from the number of channels used to calculate your Baseline Regulated Rate on either Worksheet 1 or Worksheet 2. If the number of regulated channels you now offer is the same as those you entered on Worksheet 1 or Worksheet 2, you do not need to complete Worksheet 5.

11. You should use Part III of this form to calculate rates for equipment and installation associated with receiving basic cable service or cable programming services. Equipment used to receive a basic tier of service includes (but is not limited to) converter boxes, remote controls, connections for additional television sets, and cable home wiring. Equipment associated with cable programming service is equipment other than that which is used to receive basic cable service. Rates for both basic service and cable programming service equipment and for installations must be based on actual cost and must be unbundled from service rates. In addition, charges for individual items of equipment, as well as charges for installation and additional outlets, must be unbundled one from the other, and charges for different models of the same type of equipment must also be separated.

12. In Part III, you must calculate an Equipment Basket (Worksheet 7) for either basic service or cable programming service equipment, depending on which service you are filing for. Use of this Equipment Basket will enable you to set your equipment rates so that they are based on actual cost, plus a reasonable profit, as mandated by the 1992 Cable Act.

FCC FORM 393 -- PART I
REQUEST FOR RATE APPROVAL
COVER SHEET

*** SAMPLE FORM ONLY -- NOT APPROVED BY OMB ***

FCC FORM 393 -- PART I
REQUEST FOR CABLE RATE APPROVAL
COVER SHEET

FCC Form 393

Approved by OMB _____
Expires _____

Date: _____

Name of Cable Operator: _____

Mailing Address: _____
w/ZIP Code _____

Community Unit Identification Number: _____

Name of person to contact with
respect to this form: _____

Telephone: () _____

Fax number: () _____

Franchising Authority: _____

Mailing Address: _____
w/ZIP Code _____

Is this form being filed with respect to:

basic service rate regulation _____?
or cable programming service rate regulation _____?

If this form is being filed in response to a complaint about your cable programming service rates, please attach a copy of the complaint to this cover sheet.

The following sections are to be completed after you have filled out the worksheets in Parts II and III and calculated your actual and permitted rates.

FOR BASIC SERVICE TIER AND EQUIPMENT RATES:

Program Service Rate

- (1) Number of channels on basic service tier: _____
- (2) Monthly franchise fee per subscriber for basic service tier: \$ _____
- (3) Current rate for basic service tier: \$ _____
(include monthly franchise fee per subscriber from (2) above if not already included)
- (4) Current basic service per channel rate: \$ _____
(divide (3) by (1), above)
- (5) Maximum permitted per channel rate: \$ _____
(from Line 600 on Worksheet 6)
- (6) Maximum permitted rate for basic service tier: \$ _____
(multiply (1) by (5) and add (2), above)

Note: If your current rate for the basic service tier (entry 2) exceeds the maximum permitted rate for that tier (entry 5), you must submit a cost-of-service showing or your basic service rate will be reduced to the maximum permitted level.

Equipment and Installation Rates

Note: Your equipment and installation rates for the basic service tier must not be included in your program service rate for that tier, but rather must be completely unbundled. In addition, those equipment and installation rates must not exceed your actual costs, plus a reasonable profit. The method for unbundling your equipment and installation rates from the basic service programming rate (if necessary), and for determining your permitted equipment and installation rates, is prescribed in Part II (unbundling) and Part III (rate-setting) of this form. Enter in the spaces below the rate figures you have calculated in Part III of this form, plus the franchise fees you must pay on each of those charges. Your actual basic service equipment and installation charges may not exceed these rates, although they may be lower.

- (1) Charge(s) for basic service installations* (from Lines 6 or 7 of Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
(a) Hourly rate	\$ _____	\$ _____

OR

- (b) Average installation charges:

1. Installation of unwired homes	\$ _____	\$ _____
2. Installation of prewired homes	\$ _____	\$ _____
3. Installation of additional connection at time of initial installation	\$ _____	\$ _____
4. Installation of additional connections requiring separate installation	\$ _____	\$ _____
5. Other installations (specify)	\$ _____	\$ _____

- (2) Charge for changing tiers (if any) (from Line 29, 30 or 31 of Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

<u>Permitted</u>	<u>Actual</u>
\$ _____	\$ _____

- (3) Monthly charge for lease of remote controls (from Line 14 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Remote control type 1:	\$ _____	\$ _____
Remote control type 2:	\$ _____	\$ _____
Remote control type 3:	\$ _____	\$ _____

* If you have further charges for additional connections beyond those reflected in your installation charge, attach a sheet explaining your calculations and setting forth those additional charges. See Note to Equipment and Installation Worksheet Instructions in Part III of this form.

- (4) Monthly charge for lease of converter boxes (from Line 21 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Converter box type 1:	\$ _____	\$ _____
Converter box type 2:	\$ _____	\$ _____
Converter box type 3:	\$ _____	\$ _____

- (5) Monthly charge for lease of other equipment (from Line 28 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Cable home wiring:	\$ _____	\$ _____
Other equipment (specify):	\$ _____	\$ _____

FOR CABLE PROGRAMMING SERVICE RATES AND EQUIPMENT:

Program Service Rate

Note: If you have more than one cable programming service tier, attach additional sheets with the following information for each tier.

- (1) Number of channels on cable programming service tier: _____
- (2) Monthly franchise fee per subscriber for cable programming service tier: \$ _____
- (3) Current rate for cable programming service tier: \$ _____
(include monthly franchise fee for this tier from (2) above if not already included)
- (4) Current cable programming service per channel rate: \$ _____
(divide (1) by (3), above)
- (5) Maximum permitted per channel rate: \$ _____
(from Line 600 on Worksheet 6)
- (6) Maximum permitted rate for cable programming service tier (multiply (1) by (4) and add (2), above): \$ _____

Note: If your current rate for cable programming services (entry 3) exceeds the maximum permitted rate (entry 6), you must submit a cost-of-service showing or your cable programming service rate will be reduced to the maximum permitted level.

Equipment and Installation Rates

Note: If equipment used for cable programming service is also used to receive the basic tier, then it must be included in basic service equipment. Similarly, if an installation involving cable programming services also involves the basic service tier, it must be included in basic service installations. We anticipate that virtually all equipment and installations will involve the basic service tier and there will thus be no need to complete this part of the cover sheet. However, if you lease equipment and/or provide some installation-related service that involves only your cable programming services, you should complete the following sections.

As for basic service, your equipment and installation rates for cable programming service must not be included in your program service rate, but rather must be completely unbundled. In addition, those equipment and installation rates must not exceed your actual costs, plus a reasonable profit. The method for unbundling your equipment and installation rates from cable programming service rates (if necessary), and for determining your permitted equipment and installation rates, is prescribed in Part II (unbundling) and Part III (rate-setting) of this form. Enter in the spaces below the rate figures you have calculated in Part III of this form, plus the franchise fees you must pay on each of these charges. Your actual cable programming service equipment and installation charges may not exceed these rates, although they may be lower.

- (1) Charge(s) for cable programming service installations* (from Lines 6 or 7 of Equipment and Installation Worksheet)(**Note:** include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
(a) Hourly rate	\$ _____	\$ _____

OR

- (b) Average installation charges:

1. Installation of unwired homes	\$ _____	\$ _____
2. Installation of prewired homes	\$ _____	\$ _____
3. Installation of additional connection at time of initial installation	\$ _____	\$ _____
4. Installation of additional connections requiring separate installation	\$ _____	\$ _____
5. Other installations (specify)	\$ _____	\$ _____

* If you have further charges for additional connections beyond those reflected in your installation charge, attach a sheet explaining your calculations and setting forth those additional charges. See Note to Equipment and Installation Worksheet Instructions.

- (2) Charge for changing tiers (if any) (from Line 29, 30 or 31 of Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

<u>Permitted</u>	<u>Actual</u>
\$ _____	\$ _____

- (3) Monthly charge for lease of remote controls (from Line 14 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Remote control type 1:	\$ _____	\$ _____
Remote control type 2:	\$ _____	\$ _____
Remote control type 3:	\$ _____	\$ _____

- (4) Monthly charge for lease of converter boxes (from Line 21 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Converter box type 1:	\$ _____	\$ _____
Converter box type 2:	\$ _____	\$ _____
Converter box type 3:	\$ _____	\$ _____

- (5) Monthly charge for lease of other equipment (from Line 28 in Equipment and Installation Worksheet)(Note: include appropriate franchise fee):

	<u>Permitted</u>	<u>Actual</u>
Cable home wiring:	\$ _____	\$ _____
Other equipment (specify):	\$ _____	\$ _____

FCC FORM -- PART II

**WORKSHEETS AND INSTRUCTIONS FOR CALCULATING
MAXIMUM INITIAL PERMITTED RATES FOR REGULATED CABLE PROGRAMMING SERVICES**

(INCLUDES BENCHMARK RATE TABLES)

Worksheets for Calculating Maximum Initial Permitted Rate per Channel for Basic Tier or Cable Programming Service

Cable Operator Name:	Community Unit ID (CUID):	Date:
Franchise Authority:	Basic Tier Cable Programming (Circle One)	

Page 1 of 2

Worksheet 1

Calculation of Rates in Effect on Initial Date of Regulation and Benchmark Comparison

Line	Line Description	Instruction	A Basic	B Tier 2	C Tier 3	D Tier 4	E Total
101	Tier Charge (Monthly)	Enter for all Tiers Offered					
102	Tier Channels	Enter for all Tiers Offered					
103	Tier Subscribers	Enter for all Tiers Offered					
104	Equipment Revenue (Monthly)	Enter in Basic Column Only					
105	Charge Factor	(Line 101*Line 103)+Line 104A					
106	Channel Factor	Line 102 * Line 103					
107	Charge per Channel	Line 105E / Line 106E					
108	Franchise Fee Expense (Monthly)	Enter Only Fees Included in Line 101 Charges [See Worksheet Instructions]					
109	Franchise Fee Deduction	Line 108E / Line 106E					
110	Base Rate per Channel	Line 107E - Line 109E					
121	Benchmark Channel Rate	Enter from Attachment A					
122	GNP-PI (current)	Enter from Survey of Current Business, Table 7.13, Line 4, most recent quarter					
123	Inflation Factor	(Line 122E / 121.2) - 1 [121.2 = 3rd Qtr 1992 GNP-PI]					
124	Adjustment Time Period	Enter Number of Months from 9/30/92 to Date of Current Rate					
125	GNP-PI Time Period	Enter Number of Months from 9/30/92 to most recent GNP-PI Quarter					
126	Time Factor	Line 124E / Line 125E					
127	Inflation Adjustment Factor	(Line 123E * Line 126E) + 1					
128	Adjusted Benchmark Rate	Line 121E * Line 127E					

If Line 110E is less than or equal to Line 128E, skip to Worksheet 3 and enter Line 110E on Line 300.

If Line 110E is greater than Line 128E, complete Worksheet 2.

Worksheet 2

Calculation of Rates in Effect on September 30, 1992 and Benchmark Comparison

Line	Line Description	Instruction	A Basic	B Tier 2	C Tier 3	D Tier 4	E Total
201	Tier Charge (Monthly)	Enter for all Tiers Offered					
202	Tier Channels	Enter for all Tiers Offered					
203	Tier Subscribers	Enter for all Tiers Offered					
204	Equipment Revenue (Monthly)	Enter in Basic Column Only					
205	Charge Factor	(Line 201*Line 203)+Line 204A					
206	Channel Factor	Line 202 * Line 203					
207	Charge per Channel	Line 205E / Line 206E					
208	Franchise Fee Expense (Monthly)	Enter Only Fees Included in Line 201 Charges [See Worksheet Instructions]					
209	Franchise Fee Deduction	Line 208E / Line 206E					
210	Base Rate per Channel	Line 207E - Line 209E					
220	Benchmark Channel Rate	Enter from Attachment A					
<p>If Line 210E is less than or equal to Line 220E, go to Worksheet 3 and enter Line 210E on Line 300.</p> <p>If Line 210E is greater than Line 220E, go to Line 230.</p>							
230	Reduced Base Rate per Channel	Line 210E * 0.9 [Ten Percent Reduction]					

Enter greater of lines 220E and 230E on Worksheet 3, Line 300.

Cable Operator Name:	Community Unit ID (CUID):	Date:
Franchise Authority:	Basic Tier Cable Programming (Circle One)	

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Worksheet 3

Removal of Equipment and Installation Costs

Line	Line Description	Instruction	
300	Base Rate per Channel	Enter from Worksheet 1 (Line 110E) or Worksheet 2 (Line 210E or 230E)	
301	Equipment & Install. Cost (Monthly)	Enter from Part III the Sum of Line 3 and Box 3 (Schedule C), divided by 12	
302	Channel Factor	Enter from Worksheet 1 (Line 106E) or Worksheet 2 (Line 206E)	
303	Cost per Subscriber-channel	Line 301 / Line 302	
304	Base Service Rate per Channel	Line 300 - Line 303	

If Line 300 entered from Worksheet 1, go to Line 600 and enter Line 304.

If Line 300 entered from Worksheet 2, go to Worksheet 4.

Worksheet 4

Adjustment for Inflation

Line	Line Description	Instruction	
400	Base Service Rate per Channel	Enter from Line 304	
401	Inflation Adjustment Factor	Enter from Worksheet 1, Line 127E	
402	Adjusted Base Ser. Rate per Channel	Line 400 * Line 401	

If adjusted base service rate (Line 402) reflects current number of regulated channels, satellite channels, and subscribers, go to Line 600 and enter Line 402.

If it does not, complete Worksheet 5.

Worksheet 5

Adjustment for Changes in Number of Regulated Channels

Line	Line Description	Instruction	
500	Adjusted Base Ser. Rate per Channel	Enter from Worksheet 4 (Line 402) or Worksheet 3 (Line 304)	
501	Benchmark Channel Rate (Baseline)	Enter from Worksheet 2 (Line 220E)	
502	Benchmark Channel Rate (New)	Enter from Worksheet 1 (Line 110E)	
503	Channel Adjustment Factor	(Line 502 - Line 501) / Line 501	
504	Chan Adjustd Base Ser. Rate per Chan	Line 500 * (1 + Line 503)	

If Worksheet 5 was used, enter Line 504 on Line 600.

600	Maximum Initial Permitted Rate per Channel	Enter from Line 304, 402, or 504.	
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**INSTRUCTIONS FOR WORKSHEETS CALCULATING MAXIMUM
INITIAL PERMITTED RATES FOR REGULATED CABLE SERVICES**

These instructions are to be used when completing Worksheets 1 through 5 of Part II of FCC Form 393. Using the worksheets will enable you to compute the maximum rate you may currently charge for regulated programming services under the FCC's rules. If your current rates exceed the maximum permitted rate you calculate on the worksheets, you must submit a cost-of-service showing to support your rates. If you do not do so, you will have your rates reduced to the maximum permitted rate and will be ordered to refund the excess to subscribers as necessary.

An overview of the various calculations you may be making is set forth in the General Instructions for completing this form. In addition, a decision flow chart is attached as Attachment B to this Part. This chart is designed to help you visualize the different steps you will be taking to compute your maximum initial permitted rate. Reviewing these materials first will assist you in completing the worksheets.

Instructions for Worksheet 1:

Worksheet 1 must be used to calculate the average Base Rate Per Channel that you are currently charging for regulated programming services and associated equipment. The Worksheet also must be used to compute the Benchmark Channel Rate with which your current Base Rate Per Channel will be compared. If your current Base Rate Per Channel is equal to or lower than the Benchmark Channel Rate, your rates will be found reasonable and you will not have to reduce them. If, however, your current Base Rate Per Channel exceeds the Benchmark Channel Rate, you will have to reduce your rate in accordance with the calculations set forth in Worksheets 2 through 5.

Line 101 -- Tier Charge. In the relevant column, enter your current monthly charge for your basic service tier and for each tier of cable programming service that you offer to subscribers. Do not include any premium programming offered on a per channel or per program basis. In addition, use your standard non-discounted program service rates; do not use any bulk or other discounted rates that you may offer to special classes of customers.

Line 102 -- Tier Channels. In the relevant column, enter the number of channels included in each tier of regulated programming services you offer to subscribers.

Line 103 -- Tier Subscribers. In the relevant column, enter the number of subscribers in your system who subscribe to each tier indicated.

Line 104 -- Equipment Revenue Per Month. To calculate your monthly average equipment revenue, take the total revenues you earned over the last fiscal year for the following categories of equipment and installation services:

(1) converter box rental; (2) remote control rental; (3) additional outlet fees; (4) installation fees; (5) disconnect fees; (6) reconnect fees; and (7) tier

changing fees. Divide that total by 12 to compute your Equipment Revenue Per Month. Enter this figure in Column A of Line 104.

Weighting. In order to determine the average Base Per Channel Rate paid by subscribers to your system, the per channel rate for each tier is weighted according to the number of subscribers to that tier, so that tiers with more subscribers count more in determining the average than tiers with fewer subscribers. This weighting is done by determining a weighted average monthly rate per subscriber (the "Charge Factor" calculated in Line 105) and dividing by a weighted average of the number of channels received by each subscriber (the "Channel Factor" calculated in Line 106).

Line 105 -- Charge Factor. Multiply the monthly Tier Charge in Column A in Line 101 times the number of subscribers for that tier set forth in Column A in Line 103. Add the Equipment Revenue Per Month from Line 104 to this figure and enter the total in Column A, Line 105.

Next, multiply the monthly Tier Charge in Column B in Line 101 times the number of subscribers in Column B of Line 103. Enter the total in Column B in Line 105 -- do not add the Equipment Revenue Per Month from Line 104. Repeat this calculation for each other Column that you have completed.

Finally, add the figures in Columns A - D in Line 105 together and enter the total in Column E of Line 105.

Line 106 -- Channel Factor. Multiply the number of channels in Column A in Line 102 times the number of subscribers in Column A in Line 103. Enter the result in Column A of Line 106. Repeat the same calculation for each column in Line 106. Then, add the figures in Columns A - D in Line 106 together and enter the total in Column E of Line 106.

Line 107 -- Charge Per Channel. Divide the total Charge Factor from Column E, Line 105 by the total Channel Factor from Column E, Line 106. Enter the result in Column E of Line 107. You have now completed the weighting process.

Franchise Fees. The calculations in Lines 108 and 109 will enable you to separate out any franchise fees that you include in your subscriber rates. If you charge subscribers separately for franchise fees and do not include those fees in your service rates, you do not need to complete these steps and should enter \$0.00 in Lines 108 and 109. If you do include franchise fees in your service rates, complete Lines 108 and 109. For purposes of this calculation, "franchise fees" means fees paid by the cable operator to the local franchising authority which only cable operators, and not owners of other kinds of businesses, are required to pay.

Line 108 -- Franchise Fee Expense (Monthly). Calculate the franchise fees you pay for regulated services and equipment during an average month. Enter that total monthly payment in Column E of Line 108.

Line 109 -- Franchise Fee Deduction. To calculate the weighted per channel franchise fee, divide the Monthly Franchise Fee Expense from Line 108, Column E by the total Channel Factor from Line 106, Column E. Enter the result in

Column E of Line 109.

Line 110 -- Base Rate Per Channel. Subtract the Franchise Fee Deduction in Line 109 from the Charge Per Channel in Line 107. Enter the result in the box in Line 110. This number is your current Base Rate Per Channel. It is the number that will be compared to your competitive benchmark to determine whether your current rates are reasonable or need to be reduced.

Benchmark Calculation. The next calculation you will perform will give you your competitive benchmark rate. This rate represents the rate that would be charged by a cable system facing competition that has similar characteristics to your own. The three characteristics that will be used in this analysis are: (1) the number of channels on regulated program tiers that you offer; (2) the number of subscribers served by your cable system; and (3) the number of satellite-delivered signals you carry on your regulated program tiers.

Line 121 -- Benchmark Per Channel Rate. Attachment A contains the benchmark rates per channel for cable systems with different numbers of channels on regulated tiers and different numbers of satellite-delivered signals. There are eight tables of benchmark rates for systems with 50, 100, 250, 500, 750, 1000, 1500 and 10,000 subscribers. Using the table with number of subscribers closest to the number of subscribers on your system, select the benchmark per channel rate from the table. (Note: All systems with 10,000 or more subscribers should use the 10,000 subscriber table. Our analysis revealed that there is no measurable difference in the benchmark rates among systems with more than 10,000 subscribers.) Enter the selected benchmark per channel rate in Column E of Line 121. (Note: If the total number of channels on regulated tiers and/or the total number of satellite-delivered channels on those tiers for your system falls between the channel increments listed in the tables, you must interpolate the correct benchmark per channel rate. Instructions on how to perform these interpolations are attached at the end of the benchmark rate tables. If you do not wish to interpolate the correct benchmark rate, select the lower rate of the two benchmark rates you fall between. Alternatively, you may apply the FCC's benchmark formula to calculate your benchmark rate.)

Inflation Adjustment. The benchmark per channel rate that you have just selected was based on cable rates in effect on September 30, 1992. Therefore, to make sure that the benchmark against which you will compare your current rates is not too low, the benchmark per channel rate must be adjusted forward for inflation since September 30, 1992. The calculations in Lines 122 through 128 of Worksheet 1 will enable you to adjust the Benchmark Per Channel Rate in Line 121 for inflation.

Line 122 -- GNP-PI (Current). Enter the Gross National Product Price Index (GNP-PI) for the most recent quarter in Column E of Line 122. This number can be found in the "Survey of Current Business," Table 7.13, Line 4 (Most Recent Quarter), which is published monthly by the U.S. Department of Commerce. The number will also be published periodically by the FCC.

Line 123 -- Inflation Factor. Divide the current GNP-PI from Line 122 by the GNP-PI for the third quarter of 1992, which is 121.2. Subtract 1 from the resulting figure and enter the number in Column E of Line 123.

Line 124 -- Adjustment Time Period. Enter in Column E of Line 124 the number of months from September 30, 1992 to the date you will submit this form.

Line 125 -- GNP-PI Time Period. Enter in Column E of Line 125 the number of months from September 30, 1992 to the end of the most recent GNP-PI quarter.

Line 126 -- Time Factor. Divide the number of months in Line 124 by the number of months in Line 125 and enter in Column E of Line 126.

Line 127 -- Inflation Adjustment Factor. Multiply the Inflation Factor in Line 123 times the Time Factor in Line 126. Add 1 to the resulting figure and enter the number in Column E of Line 127.

Line 128 -- Adjusted Benchmark Rate. Multiply the Benchmark Channel Rate from Line 121 times the Inflation Adjustment Factor from Line 127. Enter the resulting figure in Column E of Line 128. This is your benchmark channel rate that has been adjusted forward for inflation.

You are now ready to compare your current rate to the benchmark:

If the Base Rate Per Channel in Line 110 is **less than or equal to** the Adjusted Benchmark Rate in Line 128, your current per channel rate is reasonable and you do not need to reduce it. You should now skip to Worksheet 3 and enter the rate from Line 110 in Line 300 of Worksheet 3. This worksheet will enable you to remove your equipment and installation costs from your Base Rate Per Channel. The resulting number will be the maximum rate per channel you can currently charge for regulated programming services.

If the Base Rate Per Channel in Line 110 is **greater than** the Adjusted Benchmark Rate in Line 128, your current per channel rate is unreasonable and must be reduced if you do not wish to submit a cost-of-service showing. To determine what your maximum permitted rate is, you must complete Worksheet 2.

Instructions for Worksheet 2:

If your current per channel rate is above the benchmark, you must now examine your per channel rate as of September 30, 1992 and compare it to the benchmark. If your September 30, 1992 rate was also above the benchmark, your maximum permitted rate will be your September 30, 1992 rate, reduced by 10 percent or to the benchmark, whichever is less. **If you do not implement this rate reduction, you must submit a cost-of-service showing.** If your current rate is above the benchmark but your September 30, 1992 rate was equal to or below the benchmark, your maximum permitted rate will be the benchmark rate, as adjusted for inflation. **If you do not reduce your rate to this level, you must submit a cost-of-service showing.**

Worksheet 2 will enable you to calculate your Base Per Channel Rate as of September 30, 1992 and then compare that rate to the Benchmark Channel Rate. The calculations will mirror those you performed when computing your current Base Per Channel Rate on Worksheet 1.

Line 201 -- Tier Charge. In the relevant column, enter your monthly charge as of September 30, 1992 for your basic service tier and for each tier of cable programming service that you offered to subscribers on that date. Do not include any premium programming offered on a per channel or per program basis. In addition, use your standard non-discounted program service rates; do not use any bulk or other discounted rates that you may have offered to special classes of customers.

Line 202 -- Tier Channels. In the relevant column, enter the number of channels included in each tier of regulated programming services you offered to subscribers as of September 30, 1992.

Line 203 -- Tier Subscribers. In the relevant column, enter the number of subscribers in your system who subscribed to each tier indicated as of September 30, 1992.

Line 204 -- Equipment Revenue Per Month. To calculate your monthly average equipment revenue as of September 30, 1992, take the total revenues you earned over the preceding fiscal year for the following categories of equipment and installation services: (1) converter box rental; (2) remote control rental; (3) additional outlet fees; (4) installation fees; (5) disconnect fees; (6) reconnect fees; and (7) tier changing fees. Divide that total by 12 to compute your Equipment Revenue Per Month as of September 30, 1992. Enter this figure in Column A of Line 204.

Line 205 -- Charge Factor. Multiply the monthly Tier Charge in Column A in Line 201 times the number of subscribers for that tier set forth in Column A in Line 203. Add the Equipment Revenue Per Month from Line 204 to this figure and enter the total in Column A, Line 205.

Next, multiply the monthly Tier Charge in Column B in Line 201 times the number of subscribers in Column B of Line 203. Enter the total in Column B in Line 205 -- do not add the Equipment Revenue Per Month from Line 204. Repeat this calculation for each other Column that you have completed.

Next, add the figures in Columns A - D in Line 205 together and enter the total in Column E of Line 205.

Line 206 -- Channel Factor. Multiply the number of channels in Column A in Line 202 times the number of subscribers in Column A in Line 203. Enter the result in Column A of Line 206. Repeat the same calculation for each column in Line 206. Then, add the figures in Columns A - D in Line 206 together and enter the total in Column E of Line 206.

Line 207 -- Charge Per Channel. Divide the total Charge Factor from Column E, Line 205 by the total Channel Factor from Column E, Line 206. Enter the result in Column E of Line 207.

Line 208 -- Franchise Fee Expense (Monthly). Calculate the franchise fees you paid for regulated services and equipment during an average month for the fiscal year preceding September 30, 1992. Enter that total monthly payment in Column E of Line 208.

Line 209 -- Franchise Fee Deduction. To calculate the weighted per channel franchise fee, divide the Monthly Franchise Fee Expense from Line 208, Column E by the total Channel Factor from Line 206, Column E. Enter the result in Column E of Line 209.

Line 210 -- Base Rate Per Channel (September 30, 1992). Subtract the Franchise Fee Deduction in Line 209 from the Charge Per Channel in Line 207. Enter the result in the box in Line 210. This number is your Base Rate Per Channel as of September 30, 1992. It will be compared to your competitive benchmark as of September 30, 1992 as part of computing your current maximum permitted rate.

Line 220 -- Benchmark Channel Rate (September 30, 1992). To compare your September 30, 1992 Base Per Channel Rate to the benchmark, use the number of regulated channels, satellite-delivered signals and subscribers on your system as of September 30, 1992 to find the appropriate September 30, 1992 Benchmark Channel Rate on the benchmark tables attached as Attachment A. (See instructions for Line 121, above, for further guidance in using benchmark tables.)

You are now ready to compare your September 30, 1992 rate to the September 30, 1992 benchmark:

If your September 30, 1992 Base Rate Per Channel (Line 210) is less than or equal to the September 30, 1992 Benchmark Channel Rate (Line 220), your maximum permitted rate will be the September 30, 1992 benchmark rate, adjusted forward for inflation. You may now skip to Worksheet 3 and enter the number in Line 210 on Line 300. Worksheet 3 will enable you to remove your equipment and installation costs from this per channel rate to determine what your maximum permitted program service rate should be.

If your September 30, 1992 Base Rate Per Channel (Line 210) is greater than the September 30, 1992 Benchmark Channel Rate (Line 220), your maximum permitted rate will be your September 30, 1992 Base Rate Per Channel, reduced by 10 percent or to the benchmark, whichever yields the higher rate. To compute this rate, you will need to complete Line 230.

Line 230 -- Reduced Base Rate Per Channel. Multiply your September 30, 1992 Base Rate Per Channel (Line 210) times 0.9 to reduce that rate by 10 percent; enter the resulting number in the box in Line 230. Then, take the greater of the September 30, 1992 benchmark (Line 220) and the reduced rate per channel you have just computed in Line 230 and enter it in Line 300 on Worksheet 3.

Instructions for Worksheet 3:

The per channel rates you have calculated so far have included both programming service rates and rates for equipment and installations. The 1992 Cable Act, however, requires you to unbundle your programming service rates from your equipment and installation rates, as well as to unbundle those rates one from the other. Worksheet 3 is thus designed to separate your equipment and installation costs from your programming service rates. The resulting rate will be a per channel rate for programming services alone.

Line 300 -- Base Rate Per Channel. If you completed Worksheet 1 only, enter your Base Rate Per Channel from Line 110 on Worksheet 1 on Line 300. If you completed both Worksheets 1 and 2, enter the appropriate figure from either Line 210 or Line 230.

Line 301 -- Equipment and Installation Costs (Monthly). In order to complete this line, you must have completed Schedules A, B and C and the Worksheet for Equipment and Installation Charges in Part III of this form. From those materials, retrieve the numbers entered in Line 3 of the Equipment Worksheet and Box 3 of Schedule C and add them together. Take the resulting total and divide by 12. This figure reflects the costs you incur in an average month for equipment and installations. Enter this number in Line 301.

Line 302 -- Channel Factor. If you completed Worksheet 1 only, enter the number from Line 106, Column E. If you completed Worksheet 2, enter the number from Line 206, Column E.

Line 303 -- Cost per Subscriber-Channel. To determine your equipment/installation costs per subscriber per channel, divide your monthly equipment and installation costs from Line 301 by the channel factor from Line 302. Enter the resulting figure in Line 303.

Line 304 -- Base Service Rate Per Channel. To unbundle your equipment and installation costs from your base per channel rate, subtract the Costs Per Subscriber Per Channel in Line 303 from the Base Per Channel Rate in Line 300. Enter the resulting figure in Line 304.

If you completed Worksheet 1 only, the rate reflected in Line 304 is your maximum permitted rate per channel for programming services. You should enter this rate in Line 600 and complete the Cover Sheet to this form.

If you completed Worksheets 1 and 2, you will need to adjust the Base Service Rate Per Channel in Line 304 for inflation and therefore must complete Worksheet 4. Moreover, if there have been changes in the number of regulated channels and/or subscribers on your system since September 30, 1992, you will also need to adjust the Base Service Rate Per Channel in Line 304 to reflect these changes. This can be done by completing Worksheet 5 after you finish Worksheet 4.

Instructions for Worksheet 4:

Worksheet 4 is to be used to adjust your maximum permitted rate for inflation that has occurred between September 30, 1992 and the date you submit this form. Since you have previously calculated the appropriate inflation adjustment factor in completing Worksheet 1, you will simply need to apply that factor to the Base Rate Per Channel for programming service calculated in Worksheet 3.

Line 400 -- Base Service Rate Per Channel. Enter the Base Service Rate Per Channel from Line 304 of Worksheet 3.

Line 401 -- Inflation Adjustment Factor. Enter the Inflation Adjustment Factor you previously calculated from Line 127 of Worksheet 1.

Line 403 -- Adjusted Base Service Rate Per Channel. Multiply the Base Service Rate Per Channel in Line 400 times the Inflation Adjustment Factor in Line 401. Enter the resulting number in Line 403. This figure is your Base Service Rate Per Channel, as adjusted for inflation.

Adjustments for Changes Since September 30, 1992. If you completed Worksheet 2, the benchmark channel rate you used for those calculations was based on the number of regulated channels, satellite-delivered signals and subscribers on your system as of September 30, 1992. If none of these factors has since changed, you may appropriately use that benchmark and therefore need not complete Worksheet 5. If, however, there has been a change in your system with regard to one or more of these three factors since September 30, 1992, the benchmark against which you compared your current rates may also have changed. Therefore, you will need to adjust your permitted rate to account for these changes. Worksheet 5 should be used to perform these calculations.

Line 500 -- Adjusted Base Service Rate Per Channel. Enter your Base Service Rate Per Channel from Line 304 on Worksheet 3 if you did not complete Worksheet 4. If you did complete Worksheet 4, enter your Adjusted Base Service Rate Per Channel from Line 402.

Line 501 -- Benchmark Channel Rate (Baseline). Enter the Benchmark Channel Rate you computed in Line 220 of Worksheet 2.

Line 502 -- Benchmark Channel Rate (New). Enter the Benchmark Channel Rate you computed in Line 110 of Worksheet 1.

Line 503 -- Channel Adjustment Factor. Subtract your Baseline Benchmark Channel Rate in Line 501 from your New Benchmark Channel Rate in Line 502. Divide the resulting number by your Baseline Benchmark Channel Rate in Line 501 and enter this figure in Line 503.

Line 504 -- Channel Adjusted Base Service Rate Per Channel. Take the Channel Adjustment Factor in Line 503 and add 1. Then, multiply the resulting figure times the Adjusted Base Service Rate Per Channel in Line 500. This will give you your Channel Adjusted Base Service Rate Per Channel. Enter this number in Line 600.

Congratulations! You have now completed all calculations necessary to compute your maximum permitted rate per channel under the FCC's rate regulations. The rate for each tier of regulated services you offer will be reasonable under the FCC's rules if it does not exceed the product of this rate per channel times the number of channels on that tier. To make this final calculation, the number you entered on Line 600 should now be entered on Page 2 (or 4) of the Cover Sheet to this form. Follow the directions on the Cover Sheet to finish your computations.

Benchmark Cable Rates

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